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Saving Energy Boosts Iowa Economy Report: Energy Efficiency Benefits Jobs and Environment

IOWA CITY, Iowa (July 16, 2008) — Saving money on energy means more is available for other things — and that’s a boost to the Iowa economy.

So says a new report from the nonpartisan Iowa Policy Project (IPP), which points to the economic benefits to Iowa of a boost in energy efficiency that could be promoted by business leaders and public officials.

“Cost-effective ways to save energy let Iowans improve their lifestyles and save money,” said Skip Laitner, co-author of the report and director of economic analysis for the American Council for an Energy-Efficient Economy (ACEEE). “At the same time, energy-efficiency efforts can increase jobs and income while cutting Iowa’s contribution to global climate change.

“This short report shows energy efficiency is a win-win for Iowa. Energy efficiency can have an immediate impact in reducing energy use, and it needs to be at the forefront of energy policy discussions.”

Iowa data from the IMPLAN economic impact model show electricity production provides an average of 2.2 direct jobs per million dollars of revenue, compared with an average of 7.9 jobs in all other sectors of the economy, from manufacturing to commercial services.

The report notes a pattern throughout the nation in which energy-related sectors stimulate less activity per dollar of revenue than almost all other business activities.

“If Iowa were to invest in greater energy efficiency, consumers would have more to spend on goods and services that would mean more jobs and income than what comes directly from the energy industry,” said co-author Teresa Galluzzo, an IPP research associate. “A greater number of jobs are created by the increased spending by people who have more in their wallets by spending less on energy. Plus, lower demand for energy could result in lower energy prices.”

According to the analysis, Iowa would see positive benefits by 2030 if it decreased energy use by either 1 or 1.5 percent per year. Between 2,390 and 3,130 extra jobs would be created for a 1 percent reduction and 3,411 and 4,473 jobs would be created at 1.5 percent energy reduction. Likewise, dollar savings would range from \$47.8 million to \$89.5 million.

Energy-efficiency measures offer economic and job benefits beyond direct “green jobs” from installation of new windows, lighting, insulation and thermostats to save energy, Laitner noted.

“Everyone is interested in promoting ‘green jobs’ and that’s important, but energy efficiency (EE) carries a bigger indirect impact on the economy,” he said. “The number of jobs created by EE technology is actually small compared to the number created generally in the economy by people who have more in their wallets, because they are spending less on energy.”

The report used electricity consumption forecasts from different sources to estimate the potential impact on the Iowa economy from greater EE promotion, creating savings of 1 percent or 1.5 percent.

Those goals for savings are actually less than what Governor Culver has committed the state to achieving. Culver last year signed the Energy Security and Climate Stewardship Platform of the Midwest Governors Association, which calls for 2 percent EE savings by 2015, and 2 percent per year afterward.

“Several studies have shown gains in energy efficiency of 25 to 30 percent by 2030 are achievable,” Laitner said.

“With those 1 and 1.5 percent annual goals, we’d see cumulative reduction of electricity consumption of 21 or 29 percent in 2030 in Iowa. And the gains we have estimated in jobs and state income would be much larger if we were to expand this analysis to all energy sectors, and include the greater possibilities with renewable energy,” Galluzzo said.

The Iowa Policy Project is a nonpartisan, nonprofit research and policy analysis organization based in Mount Vernon, with its principal office in Iowa City. IPP reports on energy, environmental and other public policy issues facing Iowa are at <<http://www.iowapolicyproject.org>>.

   